

Washington State Department of Transportation Report to the Legislature Status of Wetland Mitigation Banking

Background

The Department of Transportation (WSDOT) is using wetland mitigation banking to compensate for wetland impacts from future highway construction projects. The Advance Environmental Mitigation Revolving Account (AEMRA) funds WSDOT's wetland bank projects. The following is a chronology of important legislation and events that have led to the creation and support of WSDOT's Wetland Mitigation Banking Program.

- 1994 WSDOT Wetland Compensation Banking Memorandum of Agreement (MOA) is signed by state and federal wetland regulatory agencies. The MOA allows the Department to develop wetland mitigation banks under the guidance of a Bank Oversight Committee (made up of representatives of agencies that are signatories to the MOA).
- 1995 Senate Bill 5894 passes, authorizing the development of a Washington State Department of Transportation Wetlands Strategic Plan.
- 1997 Wetlands Strategic Plan is presented to the legislature. Contains recommendations to establish a revolving mitigation account, especially for wetland banking and other mitigation strategies.
- 1998 JLARC Audit Report released, with strong support for wetland banking and similar cost saving measures.
- 1997 Senate Bill 5313 passes authorizing the creation of the Advanced Environmental Mitigation Revolving Account (AEMRA).
- 1998 Wetland Mitigation Banking Act (Chapter 90.84) passes requiring the Department of Ecology to establish statewide rules for wetland mitigation banking.
- 1998 Substitute House Bill 3110 passes, clarifying the range of mitigation activities that may be funded through AEMRA (wetland banking, advance mitigation, fish habitat and fish passage and flood control).
- 1999 WSDOT along with other agencies develop an Alternative Mitigation Policy guidance document to assist agencies on utilizing alternative mitigation.
- 1999 AEMRA funds are used for site acquisition and design WSDOT's Moses Lake, Teitzel and Greenhill wetland mitigation banks.
- 2000 Using AEMRA funds, construction begins on the Moses Lake and Teitzel wetland mitigation banks.

Purpose

WSDOT is using wetland mitigation banking because of the economic and environmental benefits it affords. Wetland mitigation banking provides an efficient and predictable environmental permit process for highway projects involving wetland impacts, reduces costs of mitigation and provides increased benefits to environmental resources. Wetland banks provide more ecological value than mitigating on a project-by project basis, since they consolidate compensatory wetland mitigation for many small wetland impacts into larger sites that may offer higher levels of wetland functions. Banks also have the advantage of providing wetland mitigation in advance of project impacts thus reducing wetland temporal losses associated with concurrent mitigation. Bank site selection and design can be coordinated with local land use or watershed plans and may help meet targeted limiting factors or salmon recovery needs. Wetland banks also allow higher assurance of successful mitigation since credits can only be withdrawn if the site is meeting ecological function standards. Regulatory agencies have the opportunity for both early and long-term oversight of the mitigation.

WSDOT's Wetland Banking Program involves staff from federal and state wetland regulatory agencies in the banking process through establishment of a Bank Oversight Committee (BOC). The BOC reviews and approves WSDOT wetland mitigation bank proposals. The BOC is made up of one representative from each agency signatory to the WSDOT Wetland Compensation Bank Memorandum of Agreement (MOA). The BOC meets quarterly and provides a venue for project review and coordination between WSDOT and state and federal agencies, and local governments. The Wetland Banking Program also conducts outreach meetings and workshops designed to identify and facilitate partnership opportunities for mitigation banking or other alternative mitigation projects.

Progress to Date: WSDOT's Wetland Banking Program, through use of AEMRA funds, is currently developing three wetland mitigation banks. These sites are being developed to mitigate for wetland impacts from highway projects that will be constructed within the next 3 to 10 years. The following pages provide specific information on each site.

Teitzel Wetland Mitigation Bank

WSDOT purchased the 230-acre Teitzel farm to establish a wetland mitigation bank to provide compensation for wetland impacts from highway construction projects associated with the I-5 Maytown to Toutle Park project. The Teitzel farm was purchased through a partnership between WSDOT and The Natural Resources Conservation Service (NRCS). NRCS identified the site and purchased a conservation easement for \$458,220, using funds from their Wetlands Reserve Program (WRP). NRCS had funds to develop a riparian buffer zone along the edges of two forks of the Newaukum River that runs through the property. WSDOT purchased the underlying land rights for \$80,000 and is restoring the remainder of the property as a wetland mitigation bank.

Ecological Benefits:	Economic Benefits:
<ul style="list-style-type: none"> • Restoration of historical forested habitat • Restoration of Riparian Habitat • Targets salmon recovery goals • Targets watershed limiting factors • Improvements to Fish and Wildlife Habitat 	Costs: Land Acquisition \$ 80,000 Site Development \$840,000 Monitoring \$ 50,000 <u>Permitting</u> \$ 80,000 TOTALS \$1, 050,000 Approximately \$5,000/acre
Cost Savings (over concurrent or traditional mitigation)	
Land Acquisition \$458,000	Land costs reduced through partnership with NRCS
Bank Site Development \$5 million	Ecological process approach and economy of scale
Monitoring and Maintenance \$400,000	Monitoring one bank sites instead of multiple sites
<u>Permit Streamlining</u> \$600,000	Permitting for one site instead of multiple sites
TOTAL SAVINGS \$6.5 million	

Moses Lake Wetland Mitigation Bank

WSDOT partnered with the City of Moses Lake to develop the 12-acre Moses Lake Wetland Mitigation Bank. The City of Moses Lake owns the site and had considered restoring the property, but lacked the funding to do so. The City is allowing WSDOT restore the site as a wetland mitigation bank. The City is retaining ownership of the site and benefits from wetland restoration and enhancement improvements that WSDOT is completing at the site. WSDOT benefits by generating wetland mitigation bank credits at the site and by the costs savings associated with the partnership with the City. Cost savings include no costs for land acquisition or long-term maintenance or management costs, which is the responsibility of the City.

Ecological Benefits:	Economic Benefits
<ul style="list-style-type: none"> • Restoration and enhancement of wetland to increase wildlife habitat functions • Increase environmental education values of the site 	Actual Costs: Land Acquisition None (City owns property) Site Development \$150,000 Permitting 25,000 <u>Monitoring</u> \$ 25,000 TOTAL \$200,000
COST Savings	
Land Acquisition \$200,000	Partnership with City eliminated acquisition costs
Site Development \$50,000	Reduced costs through use of maintenance crews
Permitting \$50,000	permitting for one site instead of multiple sites
<u>Monitoring</u> \$50,000	<u>monitoring for one site, use of school groups</u>
TOTAL \$350,000	

Green Hill Wetland Mitigation Bank

The 55-acre Green Hill property was purchased by WSDOT to develop a wetland mitigation bank to compensate for future wetland impacts from the proposed I-5 Maytown to Toutle Park project. The site is located adjacent to I-5 in Lewis County. Land acquisition for this project was completed through a land trade with the Department of Social and Health Services (DSHS).

Ecological Benefits:	Economic Benefits
<ul style="list-style-type: none">• Restoration of scrub-shrub forested wetland• Relocation of creek and restoration of flood plain• Improvements to fish and wildlife habitats	<ul style="list-style-type: none">• Reduced land costs• Reduced design costs (due to economy of scale)
Site Status Site is currently in the design phase with only preliminary cost data available.	

Benefits of Wetland Mitigation Banking

Wetlands mitigation banking provides many economic and environmental benefits to WSDOT. Wetland banks can be more cost effective than standard concurrent wetland mitigation projects. Consolidation of many small sites into one larger site typically reduces the site acquisition, design, and development costs. Monitoring costs are also reduced because only one site is being monitored instead of multiple sites. More time can be spent on bank site selection and design than concurrent mitigation because the bank site is not under a highway construction project schedule and time line. This also facilitates the development of partnerships and other cost saving mechanisms. WSDOT has developed several partnerships with other agencies and local governments that have significantly reduced the costs of the developing wetland bank projects and have resulted in sites with higher environmental value.

Issues and Limitations

Wetland Banking Rules

The Department of Ecology is in the process of finalizing statewide rules for wetland mitigation banking (RCW 90.84). When final, the rules will supercede WSDOT's existing banking MOA, developed in 1994, that gives the Department the ability to develop wetland mitigation banks. It is uncertain at this time how the interpretation and implementation of the new rules will affect WSDOT banking projects.

Highway Project Funding

AEMRA is used to fund WSDOT wetland mitigation bank projects. While this provides a solid source of funding, it is ultimately dependent upon highway construction dollars for payback. I-695 and other similar initiatives that affect highway project funding will also affect the banking program. Establishment of wetland mitigation bank projects often requires more upfront work than concurrent mitigation. The security of long term highway project funding often determines how likely a project will invest in the use of wetland mitigation banking.

ESA listings and Banking

National Marine Fisheries Service (NMFS) is not clear on how it will respond to projects that request to use bank sites as mitigation for project impacts.

Summary of Recommendations

- WSDOT should continue to support and encourage the use of wetland mitigation banking.
- Efforts should continue to fully fund the Advance Environmental Mitigation Revolving Account

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